

Message Text

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PAGE 01 GENEVA 08598 011811Z

43

ACTION EB-07

INFO OCT-01 EUR-12 EA-07 NEA-10 IO-13 ISO-00 L-03 FRB-03

OMB-01 ITC-01 SP-02 USIA-06 AGRE-00 AID-05 CIAE-00

COME-00 INR-07 LAB-04 NSAE-00 OIC-02 SIL-01 STR-04

TRSE-00 CIEP-01 CEA-01 /091 W
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R 011643Z NOV 76

FM USMISSION GENEVA

TO SECSTATE WASHDC 3269

INFO AMEMBASSY BANGKOK

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY DACCA

AMEMBASSY KATHMANDU

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AMEMBASSY NEW DELHI

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AMEMBASSY RANGOON

TOKYO 3602

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E.O. 11652: N/A

TAGS: UNCTAD

SUBJ: UNCTAD: PREPARATORY MEETING ON JUTE AND JUTE

PRODUCTS, GENEVA, OCT. 25-29

REF: GENEVA 8564

1. IT WAS APPARENT THAT FROM THE VERY ONSET OF THE PRE-
PARATORY MEETING ON JUTE THAT THE G-77 VIEWED THE MEETING
AS A TEST OF G-77 SOLIDARITY ON THE INTEGRATED PROGRAM
AND ATTEMPTED TO MAINTAIN THE DISCUSSION WITHIN THE G-77
VERSUS DEVELOPED COUNTRY CONTEXT THROUGHOUT RATHER THAN
PERMIT ANY COHERENT DISCUSSION OF THE PROBLEMS OF
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PAGE 02 GENEVA 08598 011811Z

JUTE ALONG CONSUMER/PRODUCER INTEREST LINES. THE FIRST DAY OF

THE CONSULTATIONS WERE DELAYED WHILE THE G-77 MET AND THE INITIAL "CONSUMER CAUCUSES" CONSISTED ALMOST EXCLUSIVELY OF EOCDC COUNTRIES PLUS A VERY FEW REPRESENTATIVES FROM EASTERN EUROPE. ONLY WHEN IT BECAME APPARENT THAT THE LACK OF PARTICIPATION OF DEVELOPING COUNTRIES WITHIN THE CONSUMER CAUCUS WOULD BRING THE MEETING TO A HALT, DID A LIMITED NUMBER OF CONSUMERS PARTICIPATE - LED BY THE REPRESENTATIVE OF INDONESIA, AMBASSADOR ALITAS, WHO WAS CONCURRENTLY THE G-77 SPOKESMAN.

2. THE INITIAL PROPOSALS SUBMITTED BY THE PRODUCERS (READ G-77) NOT ONLY REFLECTED G-77 DEMANDS BUT IGNORED THE AGREED LANGUAGE OF UNCTAD IV AT NAIROBI, REVERTING TO THE HARDER LINE OF THE MANILA DECLARATION TO "STABILIZE PRICES AT LEVEL REMUNERATIVE AND JUST TO PRODUCERS AND EQUITABLE TO CONSUMERS AND TO IMPROVE AND SUSTAIN EXPORT EARNINGS IN REAL TERMS..." AND "LIMIT RESEARCH IN THE FIELD OF SYNTHETICS AND SUBSTITUTES...AND RESTRAINT ON FURTHER EXPANSION OF THE CAPACITY OF PRODUCTION IN THIS FIELD..." DISCUSSIONS BETWEEN THE PRODUCERS AND CONSUMERS NEVER MATURED, WITH DEBATE IN THE CONTACT GROUP INVARIABLY DEGENERATING INTO A DEBATE BETWEEN THE PRODUCERS SUPPORTED BY THE G-77 AND THE GROUP B COUNTRIES - THE EASTERN BLOC BEING CONSPICUOUS BY ITS LACK OF PARTICIPATION.

3. THREE MAIN LINES OF CONTENTION DEVELOPED BETWEEN THE PRODUCERS AND THE GROUP B COUNTRIES:

(-) THE PRODUCERS AND (AND G-77) MAINTAINED TIME WAS NOT TO MOVE FORWARD WITH AN ENDORSEMENT OF THE ESTABLISHMENT OF THE INTERNATIONALLY HELD, CONTROLLED AND FINANCED BUFFER STOCK AND THAT THE FOLLOW-UP ACTIVITIES OF THE PREPARATORY MEETINGS SHOULD BE MERELY TO ESTABLISH THE DETAILS OF SUCH A BUFFER STOCK. THEY MAINTAINED THAT THE OBJECTIVE OF THE BUFFER STOCK WAS TO MAINTAIN REAL PRICES. THE MAJORITY OF GROUP B MAINTAINED FIRMLY THAT THE NEED FOR SUCH A BUFFER STOCK, OR INDEED ITS DESIRABILITY, HAD NOT BEEN DEMONSTRATED AND FURTHER WORK ON THIS AND OTHER POSSIBLE MEASURES WAS STILL NEEDED.

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PAGE 03 GENEVA 08598 011811Z

(B) RESEARCH ON AND PRODUCTION OF SYNTHETICS AND SUBSTITUTES HAD TO BE LIMITED BY DEVELOPED COUNTRIES (POINTED OMITTING PRODUCTION OF G-77 COUNTRIES) A - VIEW STRONGLY REJECTED BY GROUP B COUNTRIES. THE PRODUCERS AND G-77 GAVE THEIR OWN INTERPRETATION THAT NAIROBI RESOLUTION 93(IV) SECTION I, PARA 5 ON HARMONIZATION OF SYNTHETIC PRODUCTION MEANT CURTAILMENT OF PRODUCTION -

A VIEW ALSO STRONGLY REJECTED BY GROUP B.

(C) ALL FUTURE WORK RELATED TO THE PREPARATORY MEETING MUST BE HELD UNDER THE AEGIS OF UNCTAD WITH G-77 AND PRODUCERS REJECTING ANY AND ALL ATTEMPTS OF THE US AND OTHER GROUP B COUNTRIES TO ASSIGN THE DETAILED TECHNICAL PREPARATORY WORK TO THE FAO EXPERT GROUP AND JUTE AND JUTE PRODUCTS.

4. ALL ATTEMPTS TO PLACE THE PROBLEMS OF JUTE AND JUTE PRODUCTS IN ANY CONTEXT OTHER THAN THAT OF THE INTEGRATED PROGRAM FOR COMMODITIES WERE STRONGLY RESISTED EVEN WHEN SUCH ACTIONS WERE CLEARLY DEMONSTRATED TO BE IN THE INTEREST OF THE PRODUCERS THEMSELVES. FOR EXAMPLE, IN THE DISCUSSION OF THE REMOVAL OF TARIFF AND NON-TARIFF BARRIERS AGAINST JUTE AND JUTE PRODUCTS, THE PRODUCERS WOULD NOT CONTEMPLATE ANY LANGUAGE WHICH CALLED FOR REMOVAL OF SUCH BARRIERS BY ALL COUNTRIES, LIMITING THEIR APPEAL TO DEVELOPED COUNTRIES DESPITE REPEATED DEMONSTRATIONS BY THE US AND OTHERS THAT LDC MARKETS COMPRISE ONE THIRD OF THE JUTE MARKET AND CONTAIN THE GREATEST GROWTH POTENTIAL. WHENEVER THE PRODUCERS SHOWED ANY SIGN OF WEAKENING ON THIS ISSUE, THEY WERE QUICKLY BROUGHT INTO LINE BY SUCH SPOKESMEN FOR THE G-77 AS IRAN AND BRAZIL.

5. COMMENT: WHILE THE RESULTS REPORTED IN REFTEL ARE A CONSIDERABLE WATERING-DOWN OF THE ORIGINAL G-77/ PRODUCER DEMANDS, THEY WERE OBTAINED AFTER HARD AND SOMETIMES ACrimonious INTERVENTIONS BY MANY GROUP B COUNTRIES. THEY WOULD NOT APPEAR TO REPRESENT ANY ESSENTIAL DENT IN THE G-77/PRODUCER SOLIDARITY DEMONSTRATED THROUGH THE FIRST PREPARATORY MEETING ON JUTE. LIMITED OFFICIAL USE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: JUTE, PLANNING MEETINGS, MEETING PROCEEDINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 01 NOV 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976GENEVA08598
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760407-0134
From: GENEVA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761194/aaaaddwb.tel
Line Count: 155
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 GENEVA 8564
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 07 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07 APR 2004 by KelleyW0>; APPROVED <04 AUG 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: UNCTAD: PREPARATORY MEETING ON JUTE AND JUTE PRODUCTS, GENEVA, OCT. 25-29
TAGS: EPAP, ETRD, SZ, UNCTAD
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006